National Transportation Agency of Canada
Office national des transports du Canada

Rail Rationalization

A Staff Report to the National Transportation Act Review Commission

March 1992

Canada

Catalogue No. TW4-1/2-1992E
ISBN 0-662-19523-X

Also available in French
This report is printed on recycle paper

RAIL RATIONALIZATION

EXECUTIVE SUMMARY

A specific concern of the current review of transportation law is the effectiveness of the *National Transportation Act* (*NTA, 1987*) in achieving a viable and effective transportation network that is responsive to shipper needs. This paper by the National Transportation Agency (Agency) staff presents information and analyses on the operation of rail rationalization provisions and their contribution to that achievement.

Broadly speaking, rail rationalization provisions are intended to balance needs of railways to operate an efficient plant with customer needs for economic service, considering the public interest in transportation. Included are provisions for line abandonments, conveying trackage between carriers, and subsidy and transition payments by the federal government or local authorities.

Between January 1988 and January 1992, the Agency approved and abandonment of over 1,450 miles of CN track and over 1,450 miles of CP track. This is about 7 percent of total CN and 9 percent of total CP trackage. Significant portions of CN's and CP's total networks are protected from abandonment by Prohibition Orders. Therefore, these authorized abandonments over the 4 year equate to about 12 percent of CN's and 19 percent of CP's total 1988 unprotected network. Neither railway has filed new abandonment applications amounting to the statutory limit of 4 percent of its total trackage in any one year. As of January 1992, the Agency had before it 370 miles of track over which operations had been ordered continued in the public interest where there was a reasonable probability of lines becoming economic.

During the years 1988 to 1990, the costs of operating lines approved for abandonment were determined as roughly \$ 22 million compared to total system operating costs of \$ 5.5 billion. If there were no revenue loss as a result of abandonment, cost savings from discontinuing operations would be a direct contribution to railway profits. As railways have lost revenue traffic from some abandonments and incurred costs by serving other traffic intermodally or at another location, this \$ 22 million is likely a maximum estimate.

As a result of line abandonments during the four year period 1988 to 1991, the railways saved losses of \$ 55 million. This level of savings equates to approximately 10 per cent of the railways' total net income for this period.

With respect to service effects of these provisions, less than one half of one percent of respondents to a 1990 Agency survey of shippers made any reference at all to abandonment

---

National Transportation Agency of Canada
Staff Report to the
National Transportation Act Review Commission

provisions. Thus, the rail rationalization provisions of the Act are not a significant concern from a service impact perspective.

Provisions of the *NTA, 1987* were intended to reduce subsidies while paying railways for costs of service maintained in the public interest. Agency staff estimate that the amount of federal subsidies saved as a result of branch line abandonments during the four year period following implementation of the new legislation was $ 55 million. In comparison, similar savings for the four years prior to implementation were $ 18 million.

As of January, 1992, nine applications for conveying lines had been approved by the Agency, involving roughly 435 miles of track. Three of these conveyances established or significantly expanded "short-line" operations by the Central Western, Ontario Northland, and Goderich-Exeter railways. The Agency considered but did not approve an application to convey the rail division of Algoma Central to a newly created subsidiary as it was found to be against the public interest.

In addition, Southern Rail Cooperative established a shortline operation on abandoned CN and CP trackage; one offer to purchase a line in abandonment proceedings was dismissed by the Agency as invalid after being rejected by the railway who owned the line.

Where railways have been authorized to convey lines to other carriers, shippers on the lines will benefit from continued direct rail service and the mainline operator will share the revenues from all interlined traffic. Shippers on these lines have the potential to generate about 19,000 carloads of interline traffic per year.

As yet, provisions for transitional funding and local subsidization of lines have only been used to a limited extent.

In the United States, rail rationalization has been proceeding rapidly. A network of short-line railways has been growing, apparently as a result of better service and a lower cost structure for certain traffic than can be provided by mainline railways. Rationalization of mainlines has also occurred.

As a result of competition, pressures to rationalize operations will likely continue and intensify. Recent shipper statements support this trend. Points of issue which have been raised include rationalization of Canadian mainlines, the status of lines protected from abandonment by Governor in Council orders, and transitional funding measures.

INTRODUCTION

Section 266 of the *National Transportation Act, 1987* (*NTA, 1987*) requires the Governor in Council to initiate a comprehensive review of the Act and other Acts of Parliament for which the Minister of Transport is responsible that pertain to the economic regulation of a mode of transport. This analysis by staff of the National Transportation Agency (the Agency) discusses, pursuant to paragraph 266(3)(a) of the *NTA, 1987*, issues related to the effectiveness of the rail rationalization provisions of the Act in "...achieving an economic, efficient and adequate network of viable and effective transportation services that are responsive to the needs of shippers...".

The *NTA, 1987* introduced a more comprehensive approach to rail rationalization that would reduce railway infrastructure while providing options for the continued use of branch lines. As a result of the new legislation, "rail rationalization" includes rail line abandonment, as well as the conveyance of lines to other companies and the payment of actual losses by individuals, industries, municipalities or provincial governments rather than by the federal government to retain rail services in operation to meet local needs. Provisions to assist shippers in the transition to other modes following abandonment of a line were incorporated into the new legislation.

The ultimate goal of rail rationalization is to make the best use of all modes of transportation in providing an efficient and effective transportation system at the lowest possible price that is flexible and responsive to the needs of shippers. The *NTA, 1987* contains provisions designed to balance carriers' need with the public needs by providing for retention of marginally economic lines if public interest outweighs the carrier's interest once certain economic tests have been met.

RATIONALIZATION PROGRAM ACTIVITY

Rail Line Abandonments

As of January 1, 1988 the total railway network in Canada was 34,461 miles. CN operated 20,591 miles of track and CP operated 13,870 miles. The total route miles of both CN and CP

include the prairie rail network, which is almost entirely protected from abandonment proceedings by Abandonment of Branch Line Prohibition Orders effective until the year 2000. Thus, the majority of the total mileage that could have been abandoned each year was located in eastern Canada.

Between January 1988 and January 1992, the Agency approved abandonment of over 1,450 miles of CN track and over 1,450 miles of CP track. This is about seven percent of total CN and nine percent of total CP trackage. As illustrated in Appendix 2.1, significant portions of CN's and CP's total networks are protected from abandonment by Prohibition Orders. Therefore, these authorized abandonments over the 4 year equate to about 12 percent of CN's and 19 percent of CP's total 1988 unprotected network, as shown in Appendix 2.2. According to subsection 159(4), no railway may abandon more than four percent of its total route mileage in any of the first five years of the Act's operation. Neither railway had filed new abandonment applications amounting to the statutory limit of four percent of its total trackage in any one year.

As of January 1992, the Agency had before it 370 miles of track over which operations had been ordered continued in the public interest where there was a reasonable prospect of lines becoming profitable. Also during the period 1988-1991, the Agency had before it about another 300 miles of lines that were either retained in operation by Order in Council, undecided at the end 1991, or subject to abandonment applications dismissed by the Agency.

Rail Line Conveyances

The *NTA, 1987* contains provisions that were enacted to permit the conveyance of rail lines from railway companies to any other company, and in other cases to other railway companies. The Agency must approve agreements for the conveyance of lines and order the transfer of lines to a railway company offering to purchase the line, unless the Agency determines that the conveyance or transfer would not be in the public interest.

These provisions of the Act were intended to stimulate the development of short-line railway companies, which would provide rail service and act as feeder-carriers on a local or regional basis to the main trunk line systems of CN and CP. Under the provisions, CN and CP could divest themselves of economically and/or strategically marginal lines and uneconomic and unwanted lines in their systems to smaller short-line carriers, which could operate at lower cost/revenue ratios while maintaining or improving the service demanded by shippers.

To date there have been nine conveyances of rail lines approved by the Agency under the *NTA, 1987*. In total, nearly 435 miles of track have been exchanged between railway companies. Appendix 2.3 provides a list detailing the conveyances of lines.

There has been one conveyance application that was not approved by the Agency. Concerning the proposed agreement to convey the Rail Division of Algoma Central Railway (ACR) to a newly created subsidiary company Algoma Central Railway Inc. (ACR Inc.), the Agency stated in Decision No. 647-R-1989, that "...[t]here would be no benefit for railway employees, users of railway services and the Algoma region... (and) identified serious adverse consequences of the proposed transfer which would far outweight any possible benefits to ACR".

Since the beginning of 1991, there have been three larger conveyances approved by the Agency.

- The Central Western Railway (CWR) purchased the CP Lacombe and Coronation Subdivisions totalling 130 miles. CWR already existed with about 100 miles of track in central Alberta and now it has access to both CN and CP for its shipments;

- The Ontario Northland Transportation Commission (ONTC) purchased 154 miles of the CN Pagwa, Kapuskasing and Taschereau Subdivisions. ONTC also existed previously as a provincial crown corporation serving northeastern areas of the province. It had a sizeable track base before the conveyance and the recent purchase extended that network; and

- The Goderich-Exeter Railway Company (a subsidiary of RailTex Services Inc.) purchased 71 miles of CN's Goderich and Exeter Subdivisions in southwestern Ontario. This purchase created a new short-line carrier through a provincial charter. The acquired lines have a profitable resource and industrial traffic base.

Note: Other authorizations may be needed to complete these conveyances and permit the new operator to commence operations. This was the situation as of December 31, 1991, with respect to the CWR and the Goderich-Exeter Railway Company.

Shippers on the aforementioned three lines have the potential to generate about 19,000 carloads of traffic which could be interlined to the connecting mainline carrier.

In addition to these short-line operation, the Agency has received proposals for short-line operations from approximately twenty groups or individuals, some of whom have been provincially incorporated as railway companies. Only one of these proposals has come to fruition. Southern Rails Cooperative Limited, a provincially incorporated railway company in Saskatchewan, operates a "road-railer" service (a tractor-trailer unit adapted for rail and highway transport) on two abandoned branch lines, the former CN Avonlea and CP Colony Subdivisions

totalling 47 miles. Southern Rails acquired these lines after they had been abandoned and no longer subject to federal jurisdiction. One offer to purchase a line under abandonment application was rejected by the railway company.

OVERVIEW OF RATIONALIZATION IMPACTS

Impact on Shippers and Regional Development

The application of the abandonment and conveyancing provisions of the Act appear to have had minimal impacts on service and regional development. The Agency noted in its Annual Review 1990 that less than one-half of one percent of the respondents to the Agency's Shippers' Survey made any reference to line abandonment. Moreover, communications received from shipper associations on the working of the Act had not raised any questions on rationalization.

In areas where abandonment has occurred, some shippers who have significant traffic volumes have had to adapt their transportation needs to new modes. However, the majority of shippers have had other transportation alternatives available to them and many had used a combination of modes in meeting their needs prior to abandonment.

The *NTA, 1987* contains specific provisions for the federal government through Transport Canada to assist shippers in adapting to changes in the transportation infrastructure caused by rail line abandonment by providing transitional funding. In response to Agency surveys, shippers, provincial governments and the carriers have expressed concern that the administration of these provisions of the *NTA, 1987* by Transport Canada has not been in the manner foreseen during the legislative process. As a result, applicants have not been encouraged to ask for assistance. Only one application for assistance has been approved. In this particular instance, the funding resulted in the abandonment of some three miles of track a few months before the Agency was required to reconsider the case.

In most of the nine conveyance cases approved during the past four years, it is likely that if the conveyance of the lines had not occurred, the lines would have been the subject of an abandonment application and possibly ordered abandoned. Thus by the conveyance of the line to another company, shippers have benefitted from continued rail service. The railway company conveying the line has benefitted by divesting itself of a marginal operation within its network

while still retaining access to the long haul revenue base of the traffic originating or terminating on the line.

Legislative provisions exist that permit shippers or other parties to pay the actual losses of the railway for continued operations where the line would have been abandoned pursuant to an Agency Order. Two shippers have successfully used these provisions; one on the CN Renfrew Subdivision and one on the CP St. Gabriel Subdivision.

Impact on Railways

Since January 1988, abandonment of lines as a cost reduction mechanism for railway companies has had little impact on their cost structures. The costs attributable to the lines abandoned in each of the past four years amount to only a fraction of one percent of the annual total system operating costs, which have been in excess of $ 5.5 billion.

Nevertheless, as a result of line abandonments during the four year period 1988 to 1991, the railways saved losses of $ 55 million. This level of savings equates to approximately 10 per cent of the railways' total net income for this period.

Another benefit of abandonment activity is the reduction of non-profitable investment of assets and the withdrawal from marginal markets in the rail transportation system. Upon abandonment of a line, the railway companies have the opportunity to liquidate the salvageable assets in the line and re-invest the funds at greater rates of return. The magnitude of the receipts from salvage is unknown.

Impact on Government

The streamlining of the rail rationalization process under the provisions of the *NTA, 1987* has had an impact in reducing federal subsidy payments to railway companies in respect of the operation of uneconomic lines that are subject to abandonment applications and pending abandonment orders.

Features of the legislation that have contributed to a reduction in subsidy payments are

- the requirement to meet certain economic tests first before considering the public interest in retaining lines;

- the imposed statutory six-month deadline for rendering a decision on an abandonment application;
- the reduction in the maximum period of time for setting the effective date of abandonment from five years to one year from the date of the decision ordering abandonment of the line; and
- the statutory requirement to reconsider a case within three years if the line was previously retained in operation.

Agency staff estimate that the amount of federal subsidies saved as a result of branch line abandonments during the four year period following implementation of the new legislation was $ 55 million. In comparison, similar savings for the four years prior to implementation were $ 18 million as shown in Appendix 2.4.

A number of provincial governments, particularly the Maritime Provinces and British Columbia, have expressed concern that acceleration of the rail rationalization process has resulted in higher volumes of truck traffic thereby increasing highway maintenance costs and reducing highway safety for the public. Where quantification of these impacts has been undertaken, the results have been questioned by other authorities.

Impact on Labour

Rail line abandonment is one of the factors influencing the railways' reduction of their work forces. The impact of rail line abandonment on railway labour is mitigated by collective agreements through seniority rights and reassignment policies that protect employees against job loss.

The U.S. Experience

Passage of the *Staggers Rail Act of 1980* created new options for communities, shippers and private individuals to purchase or support rail lines identified as candidates for abandonment by Class I carriers. Although *Staggers Rail Act* did not alter the standards for abandonment, it streamlined Interstate Commerce Commission (ICC) abandonment procedures and gave the Class I railroads greater flexibility and incentive to identify and eliminate uneconomic operations. Those changes led many of the major carriers to evaluate more closely the costs and profitability of their individual rail lines, and to seek abandonment or transfer of those found to be uneconomic.

The rapid growth of short-line and regional railways has been seen as one of the most important recent developments in the U.S. railroad industry. Over the past decade, approximately 15 percent of Class I rail lines have been disposed of either through abandonment or sales. Roughly 50,000 route miles have been abandoned and nearly 200 new regional and shortline railways have been formed from over 17,000 route miles transferred by the major carriers. As a result of this rationalization activity, Class 1 carriers have been able to cut costs and create a more efficient and competitive rail system.

EMERGING ISSUES

Four percent limit

The *NTA, 1987* restricts the railway companies to abandoning a maximum of four percent of their total route miles per year. This provision was enacted to address the concerns of regions that large numbers of rail line abandonments would occur everywhere except in the Praires where the majority of the rail network is protected from abandonment proceedings.

To date, the railways have not filed sufficient applications over the four-year period to achieve abandonment of the maximum allowable mileage.

This four percent rule lapses at the end of 1992 and legislative action would be required to continue it.

Demarketing

In a number of abandonment cases before the Agency, evidence was presented that the railways had taken action to "offload" rail traffic from a line to intermodal service or to truck transport. Interveners contended that the purpose of such action was to create an uneconomic situation on the line in order to support an application to abandon the operation of the line.

In a number of decisions, the Agency has considered the concerns that a railway company had used such methods and then applied the provisions of the *NTA, 1987* in attempting to abandon the operation of a line. Decision Nos. 348-R-1989, 45-R-1990 and 251-R-1991 on abandonment cases involving CN's Tormentine/P.E.I., Chapais and Chester Subdivisions, respectively, and the Report of J. Dufresne on CN's Danville Subdivision addressed this subject in detail.

However, the question arises whether by promoting its intermodal service a railway is demarketing its rail service to precipitate the "offloading" of traffic to accommodate an abandonment application or is reacting to competitive pressures from other alternative modes of transport in order to retain customers. The Act allows that railway companies in order to meet the transportation needs of their customers can pursue the use of other transportation options by making the best use of all available modes of transportation at the lowest total cost.

Although shippers have expressed considerable criticism of this demarketing approach by the carriers, very few have complained about the levels of rates or service provided by the railways through alternative means. Often shippers have accepted intermodal services to their benefit but are reluctant to accept the abandonment of the branch line because they consider it a loss of bargaining leverage, that being the threat of reverting to rail movements, in negotiating future intermodal rates.

Post Abandonment Use of Rights-of-Way

The use of abandoned right-of-way property has been raised in a number of cases where Via Rail operates passenger train services on the line. In such cases section 168 of the *NTA, 1987* requires that the Agency set the effective date of abandonment one year from the date of order to abandon the line. This provision allows VIA Rail to determine its future need of the line and to make the railway company which owns the line an offer to purchase it. If an offer is not made, the Agency ceases to have jurisdiction over the right-of-way upon the abandonment date and the railway may dispose of the property as it wishes.

The Royal Commission on National Passenger Transportation suggested in its Interim Report in Spring 1991 that the federal government review its policy on the disposition of rights-of-way, as soon as possible, so that the loss of rights-of-way for future passenger service can be averted.

Under the existing legislation, the Governor in Council has the authority to vary or rescind an Agency order authorizing abandonment where passenger operations would ultimately be affected. Recently the Governor in Council rescinded two Agency abandonment orders involving lines over which VIA Rail operated. In addition, the Governor in Council has authority to retain or discontinue passenger train services, to require VIA Rail to acquire track through purchase or leases, or to require VIA Rail to provide passenger train services where none exist presently.

Any policy change regarding the disposition of rights-of-way for the above reasons could be considered in terms of the need to balance the requirement for present and future rail passenger

service over abandoned lines with the cost of acquiring the lines or protecting the rights-of-way for future use.

Other proposals for the use of abandoned rights-of-way include recreational hiking/biking/wilderness trails, corridors for provincial and municipal utilities and reclamation by adjacent landowners. Under existing legislation, proponents of any of the above uses must negotiate directly with the railway companies in order to acquire the property. Maintenance of abandoned rights-of-way under railway ownership is subject to municipal and/or provincial law and regulation.

PACE OF FUTURE RATIONALIZATION ACTIVITY

Restructuring of Rail Networks

The present Canadian rail system of over 31,000 miles is split roughly in half west and east of the Manitoba/Ontario provincial boundary.

The protected prairie rail network which the government has deemed necessary to ensure the movement of export grain shipments from farm to port comprises the majority of the rail system west of Thunder Bay. Approximately 6000 miles of branch lines or about one third of the basic rail network in western Canada are designated as grain dependent lines under section 41 of the *Western Grain Transportation Act* (*WGTA*).

As the year 2000 approaches, the outcome of the current debate concerning the method of payment of the Crow benefit could have a significant impact on the future of the prairie rail network.

As the western network is largely protected, the railways have focused their efforts in reducing excess track capacity in the eastern half of the country. Shorter distances between shipper and market or port and a higher concentration of industry along certain multimodal corridors have contributed to a higher level of modal and intermodal competition for traffic which once moved predominantly by rail. In order to meet this growing competition for their traffic, the railways have entered the intermodal business in response to shippers' needs and introduced innovations in mainline services to retain and attract traffic.

In order to meet the changing global and North American trading patterns, both CN and CP have taken steps to integrate their services into a North American transportation network. CP has positioned itself into the international transportation market with the acquisition of the Delaware & Hudson Railway and the Soo Line. CP has also created a new integrated rail service called CP Rail System. Similarly, CN has entered into strategic alliances with Burlington Northern and Norfolk Southern and created CN North America. These developments have made it possible for CN and CP to respond to Canadian shippers' demands for greater access to North American transportation services at competitive prices.

Future rationalization of the rail network is expected to include development of the concept of shared infrastructure in certain regions of the country where parallel CN and CP services exist. Shared use of infrastructure could be achieved through running-rights and joint track usage agreements.

A number of provincial authorities and public interest groups have called for moratoriums on rail rationalization. The *NTA, 1987* does not contain provisions that would allow such a broad approach. However, section 64 of the *NTA, 1987*, gives the Governor in Council powers to vary or rescind any order or decision of the Agency pertaining to the abandonment of a rail line. Subsection 165(2) provides limited powers to delay an abandonment for up to five years. The Governor in Council could act under either of these sections to protect rail lines which the Agency has ordered abandoned.

Recently, the Transportation Association of Canada with participation from Transport Canada and provincial governments have undertaken a study to identify an essential national rail network. The study is expected to be completed in September, 1992 for presentation to federal and provincial Ministers of Transport.

Conveying of Lines

Rationalization of the CN and CP networks may also be complemented by the conveyance of lines under sections 158 or 174 to short-line operators. These provisions encourage development of short-line railways thus improving transportation services and continuing the use of branch lines where feasible. In some areas where a large carrier may have a limited future, short-line operators may offer opportunities for continued rail services through lower operational costs and attention to local needs.

The initiative for organizing a conveyance lies with CN and CP. They determine whether or not they will offer a line for sale, they establish the bidding procedure and they select the successful bidder.

Under section 174 of the Act, offers to purchase a branch line subject to an abandonment application may only be made by another railway company authorized to operate a railway and the price offered for the line must be at least equal to the net salvage value of the line. These requirements have posed a problem for most interested parties, including those already incorporated as railway companies. The net salvage value of the line is not generally available to interested parties or other railway companies in order to assist them preparing their bid at the minimum required price. The second problem stems from the first, in that, to date the parties interested in purchasing a line have not had the funds or access to sufficient funds to meet the minimum price requirement.

Also, many parties interested in purchasing a line are not railway companies and are not certain as to how to become one. Often these parties, whether or not incorporated as a railway company, have neither railway operating experience nor a viable business plan; they only have a concept for operating a short-line railway.

There has been dramatic growth in the short-line industry in the U.S. since the enactment of the *Staggers Rail Act*. Major U.S. carriers have begun to recognize that short-lines are not their competitors but are becoming increasingly valuable as tools for marketing and industrial development. In order to financially assist their short-lines, the large U.S. railways are fostering partnership concepts by offering leases and other incentive programs to their short-line operators.

Although the development of short-line and regional railways in Canada has been slow in comparison to the growth experienced in the United States, the idea is generating a growing interest. CN and CP have taken several initiatives to assist in the development of short-lines and have adopted some firm principles for short-line sales.

CN is currently in the process of receiving detailed bids from several short-line operators for the sale of its Truro-Sydney line in Nova Scotia. Interest has also been expressed by the railways in selling additional lines in the Maritime provinces, Quebec and Southwestern Ontario.

As a result of competition, pressures to rationalize operations will likely continue and intensify. Recent shipper statements support this trend.

Appendix 2.1

Railway Line Abandonments Based on Effective Year, 1988 to 1992

CN	1988	1989	1990	1991	1992*	Total
Total Route Miles	20,591	20,405	19,590	19,341	19,315	
– protected network miles	8,717	8,717	8,656	8,428	8,428	
– unprotected miles	11,874	11,688	10,934	10,913	10,887	
Total Abandonments	187	816	233	164	56	1,456
– protected miles abandoned	0	0	0	22	0	22
– unprotected miles abandoned	187	816	233	142	56	1,434
CP Rail	**1988**	**1989**	**1990**	**1991**	**1992***	**Total**
Total Route Miles	13,870	13,745	13,280	12,690	12,443	
– protected network miles	7,047	7,047	6,937	6,730	6,730	
– unprotected miles	6,823	6,698	6,343	5,960	5,713	
Total Abandonments	125	485	589	247	11	1,457
– protected miles abandoned	0	6	92	80	0	178
– unprotected miles abandoned	125	479	497	167	11	1,279
CN/CP Rail Combined	**1988**	**1989**	**1990**	**1991**	**1992***	**Total**
Total Route Miles	34,461	34,150	32,870	32,031	31,758	
Total Unprotected Route Miles	18,697	18,386	17,277	16,873	16,600	
Unprotected Miles Abandoned	312	1,295	730	309	67	2,713

* – per Orders issued as of the end of 1991

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

Appendix 2.2

Percentage of Railway Lines Abandoned Based on Effective Year, 1988 to 1992

CN	1988	1989	1990	1991	1992*	Total
Unprotected Mileage Abandoned						% of 1988 mileage
– percent of total route mileage	0.9	4.0	1.2	0.7	0.3	7.0
– percent of unprotected route mileage	1.6	7.0	2.1	1.3	0.0	12.1
CP Rail	**1988**	**1989**	**1990**	**1991**	**1992***	**Total**
Unprotected Mileage Abandoned						% of 1988 mileage
– percent of total route mileage	0.9	3.5	3.7	1.3	0.1	9.2
– percent of unprotected route mileage	1.8	7.2	7.8	2.8	0.0	18.7
CN/CP Rail combined (weighted)	**1988**	**1989**	**1990**	**1991**	**1992***	**Total**
Unprotected Mileage Abandoned						% of 1988 mileage
– percent of total route mileage	0.9	3.8	2.2	1.0	0.2	7.9
– percent of unprotected route mileage	1.7	7.0	4.2	1.8	0.0	14.5

* – per Orders issued as of the end of 1991

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

Appendix 2.3

Railway Line Conveyances since January 1, 1988 under Section 158, NTA, 1987

Railway	Province	Miles	Details
CP	Ontario	4.97	Sale of CP Waterford subdivision between M. 62.7 and M. 63.7 (Brantford), the Simcoe subdivision between M. 21.4 and M. 19.4 with the Waterford subdivision between M. 61.0 and M. 62.7 to CN.
CN	Ontario	4.7	Sale of the Campbellford spur from M. 60.40 to M. 63.25, the Peterborough industrial spur from M. 0.00 to M. 1.97, the Peterborough industrial park sput from M. 0.00 to M. 1.10 to CP.
CN	Quebec	16.13	Sale of CN Massena subdivision between the Canada/U.S. border (M. 22.18) and Huntingdon, Que. (M. 38.31) to Consolidated Rail Corporation.
Guelph Junction Railway	Ontario	15.11	Lease of the Guelph Junction Railway Company's Goderich subdivision between M. 16.4 and M. 31.84 excluding the trackage between M. 31.27 and M. 31.6 to the Toronto, Hamilton and Buffalo Railway Company Ltd.
CSX	Ontario	6.81	Sale of CSX Transportation Inc. and the Lake Erie & Detroit River Railway Company's Canadian Subdivision No. 1 from Tecumseh Road (M. 2.0) to Oldcastle (M. 8.00) and from M. 37.35 to M. 38.16 at Leamington, Ontario to CN.

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

Railway	Province	Miles	Details
CP	Alberta	133.92	Sale of CP Coronation subdivision between M. 43.1 and M. 116.5 and the Lacombe subdivision between M. 0.0 and M. 59.52 to Central Western Railway Corporation.
CN	Ontario	154.21	Sale of CN Taschereau subdivision, in or near Cochrane – 2.61 Miles, the Kapuskasing subdivision between Cochrane and Hearst – 129.1 miles and the Pagwa subdivision (spur) between Hearst and Calstock – 22.41 miles to the Ontario Northland Transportation Commission.
CN	Ontario	71.49	Sale of CN Exeter subdivision between Centralia and Clinton Junction – 23.99 miles and the Goderich subdivision between a point near Stratford and Goderich, Ontario – 47.50 miles to the Goderich–Exeter Railway Company Limited (wholly–owned subsidiary of Railtex Inc.).
Napierville Junction Railway	Quebec	27.12	Lease for 944 years of the Napierville Junction Railway Company's line of railway from Delson, Que. to the international border – 27.12 miles to the Atlantic and North West Railway Company (CP Limited).

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

Subsidy Savings due to Branch Line Abandonments* – pre vs. post NTA, 1987

		Accumulated Savings per Year ($ millions)				
	Year	1984	1985	1986	1987	Total
pre NTA, 1987	1984	2.4	2.4	2.4	2.4	
	1985		0.9	0.9	0.9	
	1986			2.4	2.4	
	1987				0.7	
	Total	2.4	3.3	5.7	6.4	17.8

		Accumulated Savings per Year ($ millions)				
	Year	1988	1989	1990	1991	Total
post NTA, 1987	1988	4.7	4.7	4.7	4.7	
	1989		6.8	6.8	6.8	
	1990			6.5	6.5	
	1991				2.8	
	Total	4.7	11.5	18.0	20.8	55.0

* – Notes on following page

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

Notes to Appendix 2.4

1. Tables show annual subsidies that would have been paid if authorized abandonments had not occurred.

2. It is assumed there was no loss in long haul traffic caused by any abandonments.

3. 1989–1991 subsidies reflect expected final claims and payments levels.

4. Tables indicate the benefit to the public due to subsidies avoided.

5. The impact on losses of retention, dismissal, or stay orders have not been included.

Comprehensive Review Staff Working Group
National Transportation Agency of Canada
Source: Agency statistics

This report is the second of a serie:

1. Rail Competitive Access (ISBN -- 0-662-19522-1)
2. Rail Rationalization (ISBN -- 0-662-19523-X)